

Overview of Auction Process & FCC Auction System

May 13, 2004

Direct Broadcast Satellite Service Auction #52

**Jeff Crooks (jeff.crooks@fcc.gov)
Wireless Telecommunications Analyst
Wireless Telecommunications Bureau
Auctions & Spectrum Access Division
202-418-2074**



Disclaimer

Nothing herein is intended to supersede any provision of the Commission's rules or public notices. These slides should not be used as a substitute for a prospective applicant's review of the Commission's relevant orders, rules, and public notices. Prospective applicants must familiarize themselves thoroughly and remain current with the Commission's rules relating to Direct Broadcast Satellite Service, rules relating to application and auction procedures, and the procedures, terms and conditions contained in the Auction No. 52 public notices.



Agenda

- Overview the FCC's Simultaneous Multiple Round (SMR) Auction Design and Terminology
- Discuss Auction #52 Rules and Procedures
- Review and Hands-on Demonstration of the FCC Auction System



Simultaneous Multiple Round (SMR) Auction Design

- Simultaneous — All licenses are offered at the same time
- Multiple Round — There are multiple discrete bidding rounds
- Bidding continues until there is one round in which there is “no activity” on any licenses
 - No new bids, withdrawals or proactive waivers



Review of the Bidding Software

- Bidders will want to be familiar with:
 - Placing bids
 - Removing bids
 - Withdrawing high bids
 - Reducing eligibility
 - Placing a proactive waiver
 - Submitting a suggestion
 - Placing a telephonic bid



Review of the Bidding Software (Cont.)

- Updates to the auction can be found at:
 - Announcements
 - Change in bidding schedule
 - Bidder notified that results have been posted
 - Stage transition will occur
 - Round “Results” Tab
 - Round Results



Bidding Units Defined

- Bidding Units (BUs): Fixed number assigned to each license in the auction. (Attachment A of the Procedures PN lists the BUs associated with each license.)
 - BUs are used to measure bidders' eligibility and activity.
 - BUs provide the FCC a measure for analyzing activity.



Eligibility and Activity Defined

- Eligibility: A bidder's eligibility is initially determined by its upfront payment and is the maximum number of bidding units upon which the bidder may be active.
 - Eligibility is not license specific. A bidder may use its eligibility on any of a number of licenses it has selected on its 175 application.
- Activity: In a round is the sum of the bidding units associated with licenses on which the bidder is active.
 - A bidder is active on a license in a given round if it bids on the license during the round or is the high bidder on the license from the previous round – as long as the bidder does not withdraw that high bid in the current round.



Bidding Units and Eligibility

- *Example:* You have purchased 3,200,000 BUs worth of eligibility and selected all licenses on your Form 175

| Orbital Location | Number of Channels | Bidding Units |
|------------------|--------------------|---------------|
| 175° W.L. | 32 | 1,600,000 |
| 166° W.L. | 32 | 1,600,000 |
| 157° W.L. | 29 | 2,900,000 |

- What can you bid on?
 - Any individual license or 175° W.L. and 166° W.L. , 175 selection dependent.
- How much can you bid?
 - That is up to you. It is NOT related to amount you provided in upfront payment to the FCC.



Auction Rules and Procedures

- Three (3) stage auction event
 - Stage 1: 50% activity requirement
 - Stage 2: 75% activity requirement
 - Stage 3: 100% activity requirement
- Three (3) activity rule waivers
 - Proactive versus Automatic
- One (1) withdrawal rounds
 - Withdrawals are not the same as removals
 - Bid removal is an UNDO of bids placed within a the round in which the bid(s) was/were placed. (check required activity)
 - Bid withdrawal is an UNDO of standing high bids from a previous round (withdrawals can have monetary consequences)



Auction Rules and Procedures

- The minimum acceptable bid for a license is approximately 10 percent greater than the previous standing high bid received on the license.
 - The Bureau retains the discretion to change the minimum acceptable bids and bid increments if circumstances so dictate.
- Bidding via:
 - Internet
 - Telephonic (live human bid assistants and auction experts)
 - FCC Wide-Area Network



The SecurID Card



- Multiple cards sent to all bidders via FCC mailing
- Random number refreshes about every 60 seconds
- Countdown indicator
- Please return to the FCC for recycling



To Ensure a Positive Auction Experience

- Do your homework
 - Read all Public Notices related to this auction
- Participate by bidding in the Mock Auction
 - Test backup arrangements and test all SecureID cards
 - Use telephonic to ask “what if” questions
- Check for and read ALL announcements to stay informed
 - Bidding schedule
 - Other auction changes – i.e., stage transitions
- Bid Early!
 - Print bid confirmations

